

## Message Text

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TO SECSTATE WASHDC 5874

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UNCLAS JIDDA 6259

E.O. 11652: N/A

TAGS: EMIN, UK, SA

SUBJECT: SAUDIS SIGN MINIERAL EXPLOITATION CONTRACT

1. ZAKI YAMANI, WHOSE MINISTRY ALSO COVERS MINIERAL RE-SOURCES, ANNOUNCED SEPTEMBER 14 THAT HE HAD SIGNED A FOUR YEAR \$60 MILLION DOLLAR CONTRACT WITH "A BRITISH FIRM" FOR MINIERALS EXPLORATION AND EXPLOITATION IN SAUDI ARABIA.

2. COMMENT: THIS CONTRACT SIGNING FOLLOWS THE AWARDING OF SEVERAL, SMALLER, MINIERAL EXPLOITATION LICENSES BY THE SAG AND A CERTAIN AMOUNT OF INFLATED NEWS COVERAGE OF SAUDI ARABIA'S URANIUM PRODUCTION POTENTIAL. THE FACT IS, HOWEVER, THAT DETAILED MINIERALS EXPLORATION HERE IS AT A FAIRLY EARLY STAGE AND NO POTENTIALLY COMMERCIAL DEPOSITS HAVE YET BEEN DISCOVERED. RIO FENIX, THE SUBSIDIARY OF RIO TINTO WHICH SIGNED YESTERDAY'S CONTRACT WITH THE SAG APPARENTLY HAS NO DEFINITE PLANS AT PRESENT BEYOND THE STATIONING OF A SINGLE MINIERALS ECONOMIST IN JIDDA WHO WILL CARRY OUT STUDIES ON THE ECONOMICS OF EXPLOITING A NUMBER OF SAUDI ARABIA'S KNOWN MINERAL DEPOSITS. THE USGS GROUP HERE EXPECT THAT RIO FENIX'S ACTIVITIES WILL CAUSE THEM NO PROBLEMS.

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## Message Attributes

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